

Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana
December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

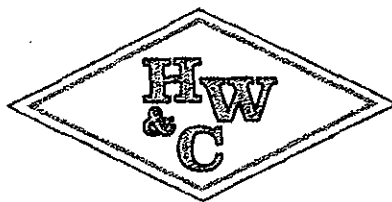
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June 23, 2010

Independent Auditor's Report

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the

Louisiana Art and Science Museum, Inc.
(A Louisiana Non-Profit Corporation)
Baton Rouge, Louisiana

as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Art and Science Museum, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Louisiana Art and Science Museum, Inc.'s 2008 financial statements and, in our report dated June 29, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Art and Science Museum, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2010, on our consideration of the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important in assessing the results of our audit.

Yours truly,

Hawthorn, Weymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
 Statements of Financial Position
 December 31, 2009 With Comparative Totals at December 31, 2008

A s s e t s		<u>2009</u>	<u>2008</u>
Assets			
Cash and equivalents		\$382,917	\$474,270
Investments		811,423	679,250
Investments - Endowment		2,511,300	2,076,975
Accounts and grants receivable		61,854	49,587
Inventory		25,959	29,182
Prepaid expenses		9,224	44,737
Contributions receivable - Endowment		95,341	138,543
Furniture and equipment		1,337,847	1,330,320
Leasehold improvements		1,877,411	1,877,411
Accumulated depreciation and amortization		(2,396,740)	(2,207,771)
Beneficial interest in investments held by the Baton Rouge Area Foundation		590,128	537,852
Museum collections			
<u>Total assets</u>		<u>5,306,664</u>	<u>5,030,356</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable		79,851	104,375
Accrued payroll and other liabilities		<u>172,374</u>	<u>130,916</u>
<u>Total liabilities</u>		<u>252,225</u>	<u>235,291</u>
Net Assets			
Unrestricted			
Designated by Board of Trustees		1,665,405	1,872,289
Undesignated		<u>60,091</u>	<u>60,091</u>
		1,725,496	1,932,380
Temporarily restricted		132,173	109,315
Permanently restricted		<u>3,196,770</u>	<u>2,753,370</u>
<u>Total net assets</u>		<u>5,054,439</u>	<u>4,795,065</u>
<u>Total liabilities and net assets</u>		<u>5,306,664</u>	<u>5,030,356</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
 Statements of Activities
 Year Ended December 31, 2009
 With Comparative Totals for the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Public Support, Revenues and Reclassifications					
Government Appropriations					
East Baton Rouge City-Parish	\$842,000			\$842,000	\$842,000
State of Louisiana					100,000
Admissions	538,945			538,945	564,831
Memberships	97,627			97,627	91,415
Contributions	213,108			213,108	452,299
Grants	213,273			213,273	271,852
Investment income (loss)	12,834	\$132,173	\$436,602	581,609	(895,455)
Other revenue	329,531			329,531	313,074
Change in value of contribution receivable			6,798	6,798	12,458
Net assets released from restrictions	<u>109,315</u>	<u>(109,315)</u>			
<u>Total public support, revenues and reclassifications</u>	<u>2,356,633</u>	<u>22,858</u>	<u>443,400</u>	<u>2,822,891</u>	<u>1,752,474</u>
Expenses					
Programs					
General museum	885,764			885,764	939,537
Planetarium	876,152			876,152	924,802
Supporting services					
Fund raising	151,436			151,436	149,050
General and administrative	<u>638,163</u>			<u>638,163</u>	<u>821,069</u>
<u>Total expenses</u>	<u>2,551,515</u>			<u>2,551,515</u>	<u>2,834,458</u>
Increase (Decrease) in Net Assets, Before Collection Items not Capitalized	(194,882)	22,858	443,400	271,376	(1,081,984)
Collection Items Purchased but not Capitalized	<u>(12,002)</u>			<u>(12,002)</u>	<u>(6,000)</u>
Increase (Decrease) in Net Assets	(206,884)	22,858	443,400	259,374	(1,087,984)
Net Assets					
Beginning of year	<u>1,932,380</u>	<u>109,315</u>	<u>2,753,370</u>	<u>4,795,065</u>	<u>5,883,049</u>
End of year	<u>1,725,496</u>	<u>132,173</u>	<u>3,196,770</u>	<u>5,054,439</u>	<u>4,795,065</u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
 Statements of Cash Flows
 Year Ended December 31, 2009
 With Comparative Totals for the Year Ended December 31, 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase (Decrease) in net assets before collection items not capitalized	\$271,376	(\$1,081,984)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Investment (gain) loss	(556,718)	1,057,723
Amortization and depreciation	188,969	214,161
Change in value of contributions receivable	(6,798)	(12,458)
Changes in assets and liabilities		
Decrease in accounts and grants receivable	12,267	581,326
Decrease in contributions receivable		5,833
Decrease in inventory	3,223	10,688
(Increase) decrease in prepaid expenses	35,513	(11,650)
(Decrease) in accounts payable	(24,524)	(332,129)
Increase (decrease) in accrued liabilities	41,458	(54,745)
<u>Net cash provided (used) by operating activities</u>	<u>(35,234)</u>	<u>376,765</u>
Cash Flows From Investing Activities		
Payments for equipment and leasehold improvements	(7,527)	(80,235)
Purchases of non-capitalized collection items	(12,002)	(6,000)
Proceeds from investment sales and maturities	2,281,424	1,092,357
Purchase of investments	<u>(2,368,014)</u>	<u>(1,272,606)</u>
<u>Net cash provided (used) by investing activities</u>	<u>(106,119)</u>	<u>(266,484)</u>
Cash Flows From Financing Activities		
Proceeds from contributions permanently restricted	<u>50,000</u>	<u>50,000</u>
<u>Net cash provided by financing activities</u>	<u>50,000</u>	<u>50,000</u>
Net Increase (Decrease) in Cash and Equivalents	(91,353)	160,281
Cash and Equivalents, beginning of year	<u>474,270</u>	<u>313,989</u>
Cash and Equivalents, end of year	<u><u>382,917</u></u>	<u><u>474,270</u></u>

The accompanying notes are an integral part of these statements.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 1-Significant Accounting Policies and Presentations

A. Background and Purpose

The Louisiana Art and Science Museum, Inc., is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as a public charity.

The Museum has as its purpose the operation of projects and exhibits such as the Irene W. Pennington Planetarium, Discovery Depot, Science Station and the Museum's exhibits, devoted to the development of intellectual skills, creative abilities, and the acquisition of knowledge and inspiration of the present and future generations of Louisiana citizens. Revenues are derived primarily from contributed public and governmental support and admissions.

B. Basis of Presentation

The financial statements of the Louisiana Art and Science Museum, Inc. have been prepared on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008 from which the summarized information was derived.

C. Classification of Net Assets

The Louisiana Art and Science Museum, Inc. follows the provisions of the Presentation of Financial Statements Topic of the Financial Accounting Standards Board - Accounting Standards Codification (FASB-ASC). Accordingly, the net assets of the Louisiana Art and Science Museum, Inc. are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Restricted assets are created by donor-imposed restrictions on the use of the support. Temporarily restricted assets are primarily for the support of Planetarium operating costs. Permanently restricted net assets arise from the Planetarium Operations and Equipment Endowment Fund which is invested in perpetuity, with the provision that 5% of end of year market value is expendable to support the Planetarium's annual operations and replace its equipment in the future. Also, funds held by the Baton Rouge Area Foundation (see Note 7) are permanently restricted. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as unrestricted.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 1-Significant Accounting Policies and Presentations (Continued)

D. Contributed Support

Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts will be included in contribution revenue.

E. Contributed Facilities and Services

The Museum occupies without charge certain premises located in government provided buildings. The value of this service is not reflected in these statements since there is no clearly measurable basis of the rental value of the historical building.

A number of unpaid volunteers have made significant contributions of their time to develop the Museum's programs, principally in fund raising and educational programs. The value of this contributed time is not reflected in these statements because the Museum does not control the performance of these volunteers.

F. Statement of Cash Flows

For purposes of the statement of cash flows, the Museum considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

G. Concentrations

The Museum operates its activities exclusively in downtown Baton Rouge, Louisiana. Although its programs are varied, it is dependent on the economic condition of the Baton Rouge area to support its activities.

H. Investments

Investments in debt and equity securities are stated at fair values. Donations of investments are recorded at fair value at the date of donation. Investment income, including gains and losses on investments, interest and dividends, is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 1-Significant Accounting Policies and Presentations (Continued)

H. Investments (Continued)

The Museum adopted the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board - Accounting Standards Codification (FASB-ASC) as of January 1, 2008. Under the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board - Accounting Standards Codification (FASB-ASC), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board - Accounting Standards Codification (FASB-ASC) establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum. Unobservable inputs are inputs that reflect the Museum's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Assets measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I: Quoted prices (unadjusted) in active markets which are accessible at the measurement date.
- Level II: Prices based on observable inputs corroborated by market data but no quoted active markets.
- Level III: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investments.

I. Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 1-Significant Accounting Policies and Presentations (Continued)

J. Property and Equipment

Property and equipment are reported at historical costs, except those arising from donations which are recorded at current values at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. The Museum's policy is to capitalize betterments and renewals but to expense all maintenance and repairs when incurred.

The Museum collections acquired by the Museum are not included in fixed assets. They are captioned on the statement of financial position with no dollar value, as they are not required to be capitalized. A further description of the collections is presented in Note 8.

K. Advertising

The Museum uses advertising to promote its programs among the community it serves. The production costs of advertising are expensed as incurred. During 2009 and 2008, advertising costs totaled \$77,108 and \$69,492, respectively.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2-Contributions Receivable

Included in contributions receivable are the following unconditional promises to give:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give before amortized discount - Planetarium Equipment Endowment	\$100,000	\$150,000
Less: unamortized discount	<u>4,659</u>	<u>11,457</u>
Net unconditional promises to give	<u>95,341</u>	<u>138,543</u>
Amounts due in:		
Less than one year	50,000	50,000
One to five years	<u>50,000</u>	<u>100,000</u>
Total	<u>100,000</u>	<u>150,000</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 2-Contributions Receivable (Continued)

The rate applied to discount these promises to give was 5% in 2009 and 2008.

Management considers all receivables to be fully collectible and no allowance for uncollectible amounts is required.

Note 3-Investments

Following is a summary of investments classified by major type:

	<u>2009</u>	<u>2008</u>
Common and preferred stocks	\$1,257,973	\$304,426
U.S. Government bonds	327,476	
Corporate bonds	8,405	
Mutual funds - equity securities	551,355	1,005,673
Mutual funds - debt securities	1,006,637	1,446,126
Real estate investment trusts	<u>170,877</u>	<u> </u>
	<u>3,322,723</u>	<u>2,756,225</u>

Investment activity is detailed as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$48,355	\$171,478
Investment gains (losses)	556,718	(1,057,723)
Investment management fees	<u>(23,464)</u>	<u>(9,210)</u>
	<u>581,609</u>	<u>(895,455)</u>

Note 4-Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis comprise the following:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Un- observable Inputs (Level 3)	Total
December 31, 2009				
Investments	<u>\$3,322,723</u>	<u>—</u>	<u>—</u>	<u>\$3,322,723</u>
December 31, 2008				
Investments	<u>\$2,756,225</u>	<u>—</u>	<u>—</u>	<u>\$2,756,225</u>

Generally, for all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 5-Contributions

Contributions classified as unrestricted which were recognized by the Museum are as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted		
Corporate	\$119,729	\$78,625
Private	93,379	123,674
Other	<u> </u>	<u>250,000</u>
Total unrestricted	<u>213,108</u>	<u>452,299</u>

Note 6-Grants

Further details of grant revenue received by the Museum follows:

	<u>2009</u>	<u>2008</u>
Arts Council of Greater Baton Rouge	\$16,872	\$15,337
Louisiana Division of the Arts	15,469	74,570
Louisiana Endowment for the Humanities	36,055	19,272
Community Fund for the Arts	52,915	68,903
National Endowment for the Arts	86,850	10,000
Corporate		25,000
Baton Rouge Area Foundation		54,770
Other	<u>5,112</u>	<u>4,000</u>
	<u>213,273</u>	<u>271,852</u>

Note 7-Other Revenue

Other revenue is detailed as follows:

	<u>2009</u>	<u>2008</u>
Fund raising events (net of expenses of \$21,160 and \$24,569)	<u>\$162,523</u>	<u>\$145,044</u>
Workshops, programs and events, less expenses	<u>13,957</u>	<u>27,993</u>
Building use rental	<u>26,825</u>	<u>11,493</u>

(Continued)

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 7-Other Revenue

	<u>2009</u>	<u>2008</u>
(Continued)		
Museum shop		
Sales	\$177,514	\$194,578
Less cost of sales	<u>83,780</u>	<u>102,772</u>
	<u>93,734</u>	<u>91,806</u>
Concessions		
Sales	894	843
Less cost of sales	<u>1,433</u>	<u>1,598</u>
	<u>(539)</u>	<u>(755)</u>
 Birthday party revenue	 40,515	 22,381
Less birthday party expenses	<u>13,641</u>	<u>8,348</u>
	<u>26,874</u>	<u>14,033</u>
 Miscellaneous	 <u>6,157</u>	 <u>23,460</u>
 <u>Total</u>	 <u>329,531</u>	 <u>313,074</u>

Note 8-Endowment Funds

The Museum's endowment consists of two funds to support its Planetarium operations and equipment replacement. These funds are donor restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Museum has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding for the Planetarium while maintaining the purchasing power of the endowment assets over the long-term. Accordingly, the investment policy seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risks. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Although, the Museum expects its endowment assets, over time, to produce an average rate of return in excess of 5% annually, actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The donors of the Museum's endowment funds approved appropriation for distributions of 5% of the fund's fair value at year end preceding the year in which the distribution is planned with all investment income and appreciation restricted to the endowment fund.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 8-Endowment Funds (Continued)

Endowment fund net asset composition at December 31, 2009 and 2008 are as follows:

	December 31, 2009		December 31, 2008	
	<u>Permanently Restricted</u>	<u>Total</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$2,511,300</u>	<u>\$2,511,300</u>	<u>\$2,076,975</u>	<u>\$2,076,975</u>

Changes in endowment fund net assets as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Endowment net assets, beginning of year	\$2,076,975	\$2,872,391
Contributions	50,000	50,000
Investment returns	516,498	(736,101)
Amounts appropriated for expenditures	<u>(132,173)</u>	<u>(109,315)</u>
Endowment net assets, end of year	<u>2,511,300</u>	<u>2,076,975</u>

Note 9-Beneficial Interest in Investments Held by Others

In the statement of financial position at December 31, 2009 and 2008, the aggregate transfers to a recipient organization, for which the Louisiana Art and Science Museum, Inc. is specified as the beneficiary, amounted to \$590,128 and \$537,852, respectively, is recorded as a beneficial interest in the investments held by the Baton Rouge Area Foundation. Variance power was not granted to the recipient organization. Amounts are distributed to the Museum quarterly based on 5% of the current market value of the investment account.

Note 10-Museum Collections

The Louisiana Art and Science Museum, Inc., has approximately 4,200 objects in its permanent collection. The collection is varied with holdings in the areas of fine art, crafts, ethnographic artifacts, and natural science.

Objects for the collections are received mainly through donations of the objects and through private donations for the purchase of objects. Some objects are purchased with funds from other earned and unearned revenue sources. Due to the nature of record-keeping and cataloging of the collections, and the intangible value of the objects, it is not feasible to place a dollar value on the collections.

The Museum's stewardship policy is to acquire objects with intrinsic values within the scope of its long range goals. The Museum strives to provide proper conservation measures to protect the objects for posterity and exhibition. If objects are sold, those funds may only be used for future acquisitions to the collection.

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 11-Permanently Restricted Net Assets

The composition of the Museum's permanently restricted net assets at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Pennington Planetarium operations endowment	\$2,164,915	\$1,821,908
McMains Planetarium equipment endowment	441,727	393,610
Beneficial Interest in Baton Rouge Area Foundation Agency endowments:		
Science Education	555,696	506,899
Adalie' Brent Memorial	<u>34,432</u>	<u>30,953</u>
Total permanently restricted net assets	<u>3,196,770</u>	<u>2,753,370</u>

Note 12-Functional Expenses

The costs of providing programs and other activities are summarized on a functional basis as follows:

	<u>Programs</u>		<u>Supporting Services</u>			
	<u>General</u>		<u>Fund-</u>	<u>Management</u>	<u>2009</u>	<u>2008</u>
	<u>Museum</u>	<u>Planetarium</u>	<u>raising</u>	<u>and</u>	<u>Total</u>	<u>Total</u>
				<u>General</u>		
Salaries, wages and benefits	\$516,491	\$421,941	\$135,262	\$434,780	\$1,508,474	\$1,521,624
Insurance	12,796	3,994	800	16,254	33,844	37,491
Services and professional fees	131,753	154,300	387	37,354	323,794	400,389
Supplies	15,357	18,900		26,077	60,334	54,595
Printing and postage	73,617	29,065	14,515	13,249	130,446	120,536
Occupancy	36,005	46,149		100,665	182,819	318,404
Travel	1,813	7,441		3,712	12,966	13,032
Conservation	559				559	7,617
Public relations and marketing	45,081	57,685	472	6,072	109,310	146,609
Depreciation and amortization	<u>52,292</u>	<u>136,677</u>			<u>188,969</u>	<u>214,161</u>
	<u>885,764</u>	<u>876,152</u>	<u>151,436</u>	<u>638,163</u>	<u>2,551,515</u>	<u>2,834,458</u>

Louisiana Art and Science Museum, Inc.
Notes to Financial Statements
December 31, 2009

Note 13-Concentration of Credit Risk

At various times during years 2009 and 2008, cash on deposit with one banking institution exceeded the \$250,000 (raised from \$100,000 in October 2008) insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash to minimize this potential risk.

Note 14-Retirement Plan

The Museum maintains a 401(k) qualified retirement plan which covers substantially all full-time employees. Under current provisions of the Plan, which are subject to change, the Museum matches 100% of each eligible employee's contributions, not to exceed 3% of compensation. The Museum's contributions under the Plan for 2009 were \$14,831 and for 2008 were \$16,217.

Note 15-Subsequent Events

The Museum evaluated all subsequent events through June 23, 2010, the date the financial statements were available to be issued.

Supplementary Information

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. MCKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

June 23, 2010

Auditor's Report on Supplementary Information

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of the Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2009, which is presented in the preceding section of this report. The supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
Schedule of Changes in Unrestricted Net Assets by Components
Year Ended December 31, 2009

	<u>Balance</u> <u>12-31-08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Fund</u> <u>Transfers</u>	<u>Balance</u> <u>12-31-09</u>
Designated					
Museum collections	\$132,579	\$18,750	\$12,002		\$139,327
Master Planning	131,777		114,191		17,586
Children's programing	365,441				365,441
Equipment and improvements	999,960		188,969	\$31,027	842,018
Museum development	<u>242,532</u>	<u>2,337,983</u>	<u>2,248,455</u>	<u>(31,027)</u>	<u>301,033</u>
	1,872,289	2,356,733	2,563,617		1,665,405
Undesignated	<u>60,091</u>	<u> </u>	<u> </u>	<u> </u>	<u>60,091</u>
Totals	<u>1,932,380</u>	<u>2,356,733</u>	<u>2,563,617</u>	<u> </u>	<u>1,725,496</u>

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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June 23, 2010

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Board of Trustees
Louisiana Art and Science Museum, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Art and Science Museum, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Art and Science Museum, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Art and Science Museum, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Wymouth & Carroll, L.L.P.

Louisiana Art and Science Museum, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Findings - Financial Statement Audit

None.

Louisiana Art and Science Museum, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2009

Findings - Financial Statement Audit

None.